



THE HON MICHAEL SUKKAR MP
Minister for Housing and Assistant Treasurer

Ref: MS20-001053

Mr Dave Sharma, MP
Chair
Joint Standing Committee on Treaties
Parliament House
CANBERRA ACT 2600

Dear Mr Sharma

Dave

I am writing to inform the Joint Standing Committee on Treaties (the Committee) that the Government intends to introduce enabling legislation to streamline future loan agreements with the International Monetary Fund (IMF). The legislation is scheduled to be introduced into Parliament during the week beginning 8 June.

The proposed legislation will amend the *International Monetary Agreements Act 1947* to authorise the Government to enter into lending agreements between Australia and the IMF. In the past, these have included the New Arrangements to Borrow (NAB) and Bilateral Borrowing Agreement (BBA). I note that this facilitative approach is consistent with all other provisions of the *International Monetary Agreements Act 1947* that authorise the Government entering into agreements of this nature.

I would like to advise the committee that the IMF has requested Australia consider a renewed NAB and a new BBA. The Government is considering the request. Any future treaty action will be subject to Australia's domestic treaty making procedures, including consideration by this Committee.

One of the amendments to the legislation will authorise the Treasurer giving notice, by legislative instrument, of an amendment or renewal of the NAB by a decision of the Executive Board of the Fund. This amendment along with the other proposed amendments to the legislation, is being put forward prior to being considered by the Committee to avoid any such timing or sequencing issues that may prevent the NAB reforms from taking effect from 1 January 2021, as has been proposed by the IMF.

Importantly, the update will only apply if the decision is agreed to by, and takes effect for, Australia. The amendment to the NAB will not be adopted if Australia does not agree to the decision, or if the requisite number of votes of other members are not obtained. This will only take effect after consideration by the Committee. For this reason, the amendments apply at the later of 1 January 2021 and the time the decision to amend and renew the NAB comes into force for Australia.

Progressing the proposed legislation at this time will enable the Government to reaffirm their commitment to the IMF as quickly as possible. This will help to ensure the Fund maintains its vital role at the centre of the global financial safety net, and is able to continue responding to the Covid-19 crisis with speed and magnitude of assistance to protect livelihoods, especially of the most vulnerable.

I trust this information will be of assistance to the Committee.

I have copied this letter to the Prime Minister and the Minister for Foreign Affairs.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Michael Sukkar', written over a light blue horizontal line.

The Hon Michael Sukkar MP